

Message Text

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67

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 OIC-02 /127 W

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R 201830Z JUN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 3946

AMEMBASSY BONN

AMEMBASSY BRAZILIA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY ISLAMADAB

AMEMBASSY NEW DELHI

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY SEOUL

AMCONSUL HONG KONG

AMEMBASSY HELSINKI

AMEMBASSY WARSAW

AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: TEXTILES SURVEILLANCE BODY-9TH SESSION JUNE 16-18

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REF: GENEVA 4321

1. SUMMARY. TSB JUNE 16-18 SESSION: A) APPORVED
REPORT OF EIGHTS SESSION; B) APPROVED FORMAL MINUTE
RECORDING FINDINGS IN SWEDEN-MEXIOC DISPUTE; C) CONTINUED
REVIEW OF SWEDEN BILATERALS WITH PAKISTAN, INDIA, MALAYSIA
AND SINGAPORE; D) REVIEWED EC ARTICLE 3 BILATERALS WITH
KOREA AND BRAZIL; APPROVEL AND TRANSMITTED TO TEXTILE
COMMITTEE US BILATERALS WITH MEXICO, PAKISTAN AND MACAO
AS WELL AS AMENDEMENT US-THAILAND AGREEMENT; E) COMPLETED
REVIEW AND TRANSMITTED TO TEXTILE COMMITTEE EC, FINLAND
AND SINGAPORE ARTICLE 2 NOTIFICATIONS; AND F) REVIEWED
AND HELD FOR FURTHER DISCUSSION AUSTRALIA ARTICLE 3
BILATERAL WITH MACAO AS WELL AS AUSTRALIA ARTICLE 2
NOTIFICATION.

2. TSB REVIEW SWEDISH BILATERALS (PARA 3 REFTTEL) CONTINUED
TO PRODUCE MORE QUESTIONS THAN ANSWERS. BODY
FOUND THAT THE ART 4 BILATERALS WERE IN FACT LESS
LIBERAL THAN MINIMUM REQUIREMENTS PROVIDED IN
ART 3; THAT IT WAS HIGHLY DOUBTFUL THAT THE EXPORTING
COUNTRIES CONCERNED POSED ANY "REAL RISK" AS GOODS
RESTRAINED WERE RECEIVED IN SWEDEN IN SIGNIFICANTLY
LARGER VOLUMES AND AT LOWER PRICES (FROM PORTUGAL
AND FINLAND); AND, FINALLY THAT SWEDEN'S EXPORTS OF
SOME OF THE GOODS CONCERNED EXCEEDED SWEDISH PRODUCTION
OF THOSE GOODS. ALL THIS LEADS TO OBVIOUS CONCLUSION
THAT SWEDEN IS BENT ON PROTECTING POSITION SWEDISH
FOREIGN TEXTILE INVESTMENTS IN PORTUGAL AND FINLAND
IN SWEDISH MARKET AND, FURTHER, THAT THE LARGE IMPORTS
FROM PROTUGAL AND FINLAND WHILE COUNTED IN
IMPORT PENETRATION CALCULATIONS, ARE EXPORTED AFTER
SWEDISH LABELS ARE SEWN ON. AFTER THESE REVELATIONS,
TSB HELD UP APPROVAL OF BILATERALS PENDING FURTHER
DISCUSSIONS WITH SWEDISH AUTHORITIES AT NEXT TSB SESSION.

3. BODY REVIEWED AND APPROVED AGREED EC ART 3, PARA 6,
BILATERAL WITH KOREA BUT, IN ABSENCE EC ANSWERS TO
QUESTIONS ARISING IN EARLIER SESSION (PARA 4 REFTTEL),
DEFERRED FURTHER CONSIDERATION BRAZIL AGREEMENT UNTIL NEXT SESS-
ION.

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4. WHILE ALL MEMBERS BODY EXCEPT EC REP HAD
APPROVED US BILATERALS WITH MEXICO, PROTUGAL, MACAO
AND THAILAND AT PREVIOUS SESSION (PARA 5 REFTTEL), EC
"DIGESTION" OF US TEXTS APPARENTLY WENT SOMMOTHLY AS
EC REP HAD ONLY TWO SOMPLE TECHNICAL QUESTIONS WHICH
WERE ANSWERED BY US REP AND, AFTER WHICH, EC REP ADDED
HIS APPROVAL FOR TRANSMITTAL OF TEXTS TO TEXTILES

COMMITTEE.

5. RESUMED DISCUSSION OF EC ART 2

NOTIFICATION WITH EC REP PROVIDING "DEFINITIVE" ANSWERS TO MASS OF QUESTIONS PUT BY BODY AT PREVIOUS MEETINGS. AFTER DAY OF DISSECTION OF EC'S DEFINITIVE ANSWERS, BODY DECIDED TRANSIT EC NOTIFICATION TO TEXTILES COMMITTEE WITH A COVERING NOTE STATING THAT "IN ITS REVIEW, THE TSB WAS UNABLE TO DETERMINE THAT THE ACTIONS TAKEN BY THE EEC ARE IN CONFORMITY WITH THE ARRANGEMENT." THE RECORD, OF THE 9TH SESSION (TSB), HOWEVER, SETS FORTH IN DETAIL HARSH CRITICISMS OF: A) EC'S DELAYS IN NEGOTIATING SELECTIVE BILATERALS; B) DELAY IN LIBERALIZING TRADE IN ITEMS NOT UNDER NEGOTIATION IN BILATERALS; C) THE "REAR END LOADING" OF FRANCE AND UK PHASED ELIMINATION PROGRAM - THE ARRANGEMENT CALLS FOR MAJOR EFFORT IN FIRST YEAR; AND, D) INEQUITY OF TREATMENT OF PARTICIPANTS WITH WHICH EC IS NEGOTIATING, E.G., FIRST COUNTRY ON EC'S NEGOTIATING SCHEDULE WILL RECEIVE BENEFITS LONG BEFORE LAST COUNTRY.

6. TSB, IN CONSIDERING FINLAND'S ARTICLE 2 NOTIFICATION, RAISED OBJECTIONS TO STATED INTENT FINLAND TO NEGOTIATE TEXTILE RESTRAINTS WITH POLAND AND ROMANIA OUTSIDE THE ARRANGEMENT UNDER GATT PROTOCOLS OF ACCESSION THOSE COUNTRIES. ONLY DEFENDER FINLAND IN THIS ARGUMENT WAS CANADA REP, WHO UNDOUBTEDLY STILL SENSITIVE TO TSB CRITICISM CANADA'S RESORT TO GATT ARTICLE XIX ON SHIRTS. AFTER CONSULTATIONS BETWEEN GENEVA, HELSINKI, STOCKHOLM AND OSLO, TSB WAS INFORMED THAT FINLAND (AND OTHER NORDICS) WOULD UNDERTAKE COMPLETE THEIR TEXTILE RESTRAINT NEGOTIATIONS LIMITED OFFICIAL USE

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WITH EASTERN BLOC COUNTRIES, PARTICIPANTS IN THE ARRANGEMENT, UNDER THE PROVISIONS OF THE ARRANGEMENT. TSB THEN APPROVED AND TRANSMITTED TO TEXTILE COMMITTEE FINLAND ARTICLE 2 NOTIFICATION. BODY ALSO APPROVED AND TRANSMITTED SINGAPORE ARTICLE 2 NOTIFICATION.

7. BODY DEFERRED CONSIDERATION AUSTRALIA'S ARTICLE 2 NOTIFICATION ON INDICATION IT MIGHT BE INCOMPLETE. ALSO DEFERRED CONSIDERATION AUSTRALIA-MACOA BILATERAL UNTIL SECRETARIAT COULD TRY AND REDUCE MASS OF DATA SUBMITTED BY AUSTRALIA (SOME OF WHICH SEEMED IRRELEVANT) TO LEVEL OF UNDERSTANDABILITY. THESE NOTIFICATIONS WILL BE TAKEN UP AT NEXT SESSION.

8. NEXT SESSION SCHEDULED FOR WEEK OF JULY 14. DALE

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